

HOUSE BILL REPORT

HB 2318

As Reported by House Committee On:

Higher Education
Ways & Means

Title: An act relating to the aerospace workforce futures act.

Brief Description: Creating the Washington institute of aerospace technology and manufacturing studies.

Sponsors: Representatives Sells, Ericks, Kenney, Liias, Simpson, Hope, McCoy, Conway and Roberts.

Brief History:

Committee Activity:

Higher Education: 3/27/09, 4/9/09 [DPS];

Ways & Means: 4/14/09, 4/18/09 [DP2S(w/o sub HE)].

Brief Summary of Second Substitute Bill

- Creates the Washington Institute for Aerospace Technology and Advanced Manufacturing to be headquartered in Snohomish County and initially administered by the board of trustees of Edmonds Community College.
- Charges the Institute with improving the state's aerospace training, education, research and development programs by coordinating, providing, and developing curriculum for a statewide consortium of schools and programs that provide aerospace workforce education and training.
- Requires Edmonds Community College to develop a report to the Legislature that would include identification of current education programs that relate to the aerospace industry and its workers, recommendations for funding operation of the Institute, a recommended governance structure, and other recommendations regarding the Institute.
- Requires Edmonds Community College to develop recommendations and a budget request to the Legislature that would enable the Institute to initiate work in 2011-13.

HOUSE COMMITTEE ON HIGHER EDUCATION

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Wallace, Chair; Sells, Vice Chair; Anderson, Ranking Minority Member; Carlyle, Driscoll, Grant-Herriot, Haler, Hasegawa and White.

Minority Report: Without recommendation. Signed by 2 members: Representatives Schmick, Assistant Ranking Minority Member; Angel.

Staff: Cece Clynch (786-7195)

Background:

The aerospace industry is a significant part of Washington's economy. Aerospace companies are present in many of Washington's counties, however, the bulk of the jobs in aerospace are concentrated in King, Snohomish, and Pierce counties. The aerospace industry is the state's largest manufacturing employer. According to the 1997 Washington State Input Output Study, aerospace manufacturing has a multiplier effect of two and one-half. For every aerospace job created, another one and one-half jobs are created elsewhere in the economy.

Summary of Substitute Bill:

The Washington Institute of Aerospace Technology and Manufacturing Studies is created (Institute). Headquartered in Snohomish County and the aerospace convergence zone designated by the Director of the Department of Community, Trade and Economic Development (DCTED) as an innovation partnership zone, it is to be operated and administered as a multi-institutional education, training, and certification center targeted at fostering the creation and retention of family wage jobs in the aerospace industry and growth and innovation in this sector. The Institute is to report to the DCTED.

Education, research, and job skills programs may include, but are not limited to:

- aerospace technology;
- manufacturing;
- marketing;
- labor leadership;
- business management;
- human resources; and
- international studies.

All programs must lead to transferable skills that are interchangeable among different jobs, employers, or workplaces.

The Institute shall provide a forum for interaction and collaboration between the aerospace industry, labor, and institutions of higher education. Independent and private institutions of higher education and career and vocational schools may partner in the activities of the Institute.

Any degree granting education program at the Institute must receive Higher Education Coordinating Board (HECB) approval. The lease, purchase, or construction of an Institute site or facility must be approved by the DCTED.

The Institute shall be administered by a 12 person board of directors (board). Membership on the board is as follows:

- one member representing Washington's aerospace industry;
- one member representing advanced manufacturing industries;
- two members representing labor unions;
- one member representing the community and technical colleges;
- one member representing the public state and regional universities and The Evergreen State College;
- one member representing the Workforce Training and Education Coordinating Board;
- one member representing the HECB; and
- four legislators.

At least four of the members shall reside in western Washington and four in eastern Washington. The term of office is four years, with initial terms staggered to ensure the long-term continuity of the board. Duties of the board include developing the general operating policies for the Institute, appointing the executive director, approving the operating budget, developing a biennial work plan and five-year strategic plan, and providing an annual report to the Governor and the Legislature.

Substitute Bill Compared to Original Bill:

The Institute is headquartered not just in Snohomish County, as in the original bill, but also in the aerospace convergence zone designated by the Director of the DCTED as an innovation partnership zone. The Institute reports to the DCTED rather than the HECB and the DCTED, not the HECB, is responsible for approving the lease, purchase, or construction of any site or facility.

The required report on the following to the higher education committees of the Legislature by December 1, 2009, is removed:

- current education, research, and job skills programs that could be consolidated or included;
- new and innovative programs that could be commenced;
- interested industry, labor, and education partners;
- a recommended governance structure; and
- funding for operation of the Institute.

A requirement is added that all programs must lead to transferable skills that are interchangeable among different jobs, employers, or workplaces.

Provisions are added regarding administration by a board of directors and the membership and responsibilities of the board.

The emergency clause is removed.

Appropriation: None.

Fiscal Note: Requested on March 25, 2009.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) A positive statement from the Legislature is needed regarding the aerospace industry in this state. This industry is the economic engine of the Puget Sound region and the state and must be kept here. This is true now more than ever. Washington has a higher concentration of aerospace workers than any other state. In Snohomish County, 25 percent of workers and 40 percent of wages are in aerospace. Statewide, the aerospace industry is present in 36 of the 39 counties. Other states and countries are trying to attract the aerospace industry. Kansas has spent \$52 million in local, state, and federal dollars. North Carolina, South Carolina, and Alabama have also created facilities and training centers and spent considerable money to attract the aerospace industry. North Carolina spent \$15 million from their tobacco fund and Alabama spent \$15-16 million on robotics plus another \$15 million next door. Washington has excellent training programs but coordination is fragmented and central coordination is necessary. Many of the current workers will be retiring in the next 15 years. A broader partnership will be fostered by locating the Institute in the innovation partnership zone (IPZ). The IPZ in Snohomish County did not receive capital funds as some other IPZs did. The breadth of the aerospace industry distinguishes this industry from others in the state. Although the Institute would be located in Snohomish County, it would benefit the entire state by training the trainers. There is a need for additional training programs, particularly in Snohomish County which is the largest convergence of aerospace industries in the world. A central facility is needed and statewide facilitation. Over at least the last 10 years there has been money spent trying to solve this problem but it hasn't worked. By providing training through the community colleges, workers across the state can gain access. All the equipment needs to be in one place. There should be reciprocity and a commitment by business to making well-paying jobs available upon the completion of training. With respect to the governance structure, all relevant voices need to be at the table. Relationship building is important.

(Opposed) None.

Persons Testifying: Representative Sells, prime sponsor; Jack Oharah and Jerilee Mosier, Edmonds Community College; Deborah Knutson, Economic Development Council of Snohomish County; Sub Ambler, Workforce Development Council Snohomish County; Linda Lanham and Mike Groesch, Aerospace Futures Alliance; Stan Sorscher, Society of Professional Engineer Employees in Aerospace and International Federation of Professional and Technical Engineers Local 2001; and Larry Brown, Aerospace Machinists Union.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Higher Education. Signed by 22 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

Staff: Debbie Driver (786-7143)

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Higher Education:

The second substitute bill changes the governance structure of the Washington Institute for Aerospace Technology and Advanced Manufacturing (Institute), adds an intent section recognizing the importance of a skilled workforce, specifies that the Institute shall develop, coordinate and provide curriculum for a statewide consortium, and tasks Edmonds Community College with the initial administration of the Institute. The second substitute bill also requires submittal of a preliminary report to the Legislature and the Governor by January 1, 2010, regarding current programs, need for consolidated programs, need for new programs, interested public and private partners, and funding and governance of the Institute. A final report is due September 1, 2010, which is to include recommended legislation and budget requests that would enable the Institute to initiate its work in the 2011-13 biennium.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The Governor's Office supports the bill for several reasons: the Governor views the bill as a coordination function of research and development, as well as for education and training. The bill has an emergency clause because the Governor's Office still has \$450,000 that can be spent on the bill this fiscal year; and without that clause this money could not be spent. There are some high schools in the Renton and South Seattle area that are currently training in aeronautics and aerospace, but we will need to coordinate aerospace training much further across the state and plan for the required additional training measures. The intent is to use this fiscal year's \$450,000 to help community college training programs get started right away. In terms of shared goals between House Bill 2318 and House Bill 2308, there is a nexus between the Washington Council on Aerospace and the Washington Institute of

Aerospace Technology and Advanced Manufacturing, and the reason the bills were not originally joined was likely due to bill titling issues.

This bill is compatible with HB 2308, and the Aerospace Futures Alliance's vision is to put together a coordination center that does not compete with any other training centers but simply augments existing training. This coordination center could also occur through Web classes, through one centralized workshop, or through employer training. The funding for such a center would come from a combination of workforce training funds and from employers, so the problems will not come from the operational side as much as on developing coordination. Edmonds Community College is the natural location for this coordination simply because that institution already has more aerospace training than anywhere else in the state. In terms of training, Washington is already behind other states such as Texas, Kansas and South Carolina – states that have spent more money on aerospace training. The issue is not trying to be at the forefront of the industry today; rather, it is about allowing the industry to grow rather than diminish, and to prepare workers for a future in which the aerospace industry is a higher priority.

The State Board for Community and Technical Colleges supports both HB 2318 and HB 2308. The Board believes it is ready to provide training and supports the coordination efforts identified in both of these bills.

(Opposed) None.

Persons Testifying: Representative Sells, prime sponsor; Representative Moeller; Marty Brown, Office of the Governor; Amy Smith-Rubeck, State Board for Community and Technical Colleges; and Mike Groesch, Aerospace Futures Alliance.

Persons Signed In To Testify But Not Testifying: None.